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AZ CORP COMMISSION
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TO: Docket Control Center

FROM: Steven M. Olea
Director
Utilities Division**ORIGINAL**

DATE: July 11, 2014

RE: ARIZONA WATER COMPANY AND FRANCISCO GRANDE UTILITY COMPANY -
REQUEST FOR EXTENSION OF COMPLIANCE DEADLINES (DOCKET NOS.
W-01445A-05-0700 AND WS-01775A-05-0700)

In Decision No. 68654, dated April 12, 2006, the Arizona Corporation Commission ("ACC" or "Commission") approved the application of Arizona Water Company ("Arizona Water" or "Company") and Francisco Grande Utility Company ("Francisco Grande") for transfer of a portion of Francisco Grande's Certificate of Convenience and Necessity ("CC&N") to Arizona Water. In issuing its decision, the Commission ordered the Company to provide filings relating to an Approval to Construct ("ATC"), Main Extension Agreements ("MXA") and Certificate of Assured Water ("CAWS").

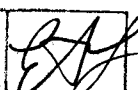
Specifically, Decision No. 68654 ordered that Arizona Water should file:

- a) "... copies of the Arizona Department of Environmental Quality's Approval to Construct for facilities needed to serve the requested transfer areas within two years of the effective date of the Decision in this Order."
- b) "... a copy of the fully executed main extension agreements for water facilities for the requested transfer areas within two years of the effective date of the Decision in this Order."
- c) "... a copy of the developers' Certificate of Assured Water Supply for the requested transfer areas where applicable or when required by statute, within two years of the effective date of the Decision in this Order."

Based on the April 12, 2006 date of Decision No. 68654, the original Commission due date on the above items was on or about April 12, 2008. However, the Commission has approved previous extension of time requests such that the current due date is April 12, 2014.

Arizona Corporation Commission
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On April 7, 2014, the Company docketed the current motion titled "request for additional time for compliance filing. The filing requests that the Commission extend the deadline for provision of the ATC, MXA and CAWS from the current date of April 12, 2014 until April 12, 2016. In support of the request, the Company primarily outlines the difficult development landscape that has existed in Arizona:

"The deep recession and real estate crash over the past several years (essentially the entire time that the Decision has been in effect) are extraordinary circumstances which have not been seen since the Great Depression. The severe economic downturn that has battered the Arizona real estate market persists, and continues to delay the development of residential and mixed-use development in Arizona, including Pinal County."

The April 7, 2014 extension application also included an attachment with an updated request for service letter ("letter" or "letters") from a single property owner. The letter was meant to demonstrate that owner's continuing need for service from Arizona Water, however, Staff was concerned that additional letters were required. Staff conducted a telephonic discussion with the Company about the need for additional letters and, several months later on June 13, 2014, sent a final e-mail reminding that the application was not sufficient and would remain on hold until the Company provided letters for each of the individual property owners. The e-mail further notified that Staff intended to process the application by June 30, 2014 with or without the additional ownership letters.

On June 30, 2014, Arizona Water docketed a "Supplement to Request for Additional Time for Compliance Filing". The filing amended the original application with three additional ownership letters and confirmed that one such letter remained for submission to the Commission. On July 2, 2014, the Company docketed the final ownership letter relating to the extension area in the case.

Staff notes that the April 7, 2014 application for extension of time did not include all the ownership letters at the time of docketing. Additionally, the docket date was only five days before the pending April 12, 2014 due date. Staff therefore recommends that the Company be required to file requests for extension of time (if allowed to do so in the future) at least 90 days prior to the existing due date (in this or any other docket). Staff further recommends that the applications for extension of time (in this or any other docket) should include 100 percent of the ownership letters when originally filed.

Based on all of the above, Staff does not object to Arizona Water's request for further extension of time in this matter. Staff therefore recommends that the requirement for provision of the required ATC, MXA and CAWS be extended until April 12, 2016.

SMO:BKB:tdp

Originator: Brian K. Bozzo

Service List for: Arizona Water Company and Francisco Grande Utility Company
DOCKET NOS. W-01445A-05-0700 and W-01775A-05-0700

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